

Message Text

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51

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 INRE-00 SSO-00 NSCE-00 USIE-00

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-02 PRS-01 SP-02 SS-15 AID-05 COME-00 EB-07 FRB-01

TRSE-00 XMB-04 OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01

STR-04 INT-05 OES-05 FEAE-00 /095 W

----- 067484

O R 081440Z MAY 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 6574

INFO AMEMBASSY CARACAS

AMEMBASSY QUITO

UNCLAS LA PAZ 03191

E.O. 11652: N/A

TAGS: PFOR, ENRG, EIND, EFIN, BL

SUBJECT: GULF BRIBERY CHARGES

SUMMARY. ACCORDING TO MAY 8 MORNING PRESS GOB CABINET MET LAST NIGHT AND DECIDED REQUIRE GULF OIL CO. STATE WITHIN 48 HOURS WHETHER BRIBES PAID TO BOLIVIANS AND, IF SO, TO WHOM. OTHERWISE GOB TO SUSPEND INDEMNIFICATION PAYMENTS TO GULF. GOB TO ALSO REQUEST USG INVESTIGATION. IF BOLIVIANS GUILTY, MAXIMUM SANCTIONS TO BE APPLIED. PRESIDENT BANZER HAS CALLED IN AMBASSADOR STEDMAN FOR 11:30 A.M. MEETING. BOLIVIAN ACTION APPEARS TO HAVE BEEN TAKEN IN LIGHT GULF STATEMENTS THAT BRIBERY CHARGES DO NOT APPLY TO VENEZUELA OR ECUADOR. END SUMMARY.

1. GOB REPORTEDLY ISSUED COMMUNIQUE AT 9:00 P.M. MAY 7 STATING CABINET HAD TAKEN FOLLOWING DECISIONS: (1) REQUIRE GULF OIL CO. TO DETERMINE IN CONCRETE FORM WITHIN 48 HOURS WHETHER ITS CHARGES BEFORE THE US CONGRESSIONAL COMMITTEE REFER TO BOLIVIA AND, IF SO, IDENTIFY THE FUNCTIONARIES THAT MAY HAVE RECEIVED ANY MONEY AS BRIBE. (2) IN EVENT GULF DOES NOT INDICATE NAMES OF PRESUMED (SIC) UNCLASSIFIED

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FUNCTIONARIES NOR DENIES SUCH SERIOUS ACCUSATION WITHIN INDICATED

PERIOD, GOB WILL SUSPEND PAYMENTS OWED FOR INDEMNIFICATION, RESERVING THE RIGHT TO TAKE APPROPRIATE ACTIONS. (3) APPROACH USG THROUGH MINFON AND EMBASSY IN WASHINGTON TO SOLICIT AN INVESTIGATION OF GULF FOR PURPOSE OF CLARIFYING THE CHARGES MADE BY THAT COMPANY. (4) IN EVENT RESPONSIBILITY OF ANY BOLIVIAN CITIZEN IS ESTABLISHED IN THIS MATTER, GOB WILL APPLY MAXIMUM SANCTIONS AND WILL ADOPT APPROPRIATE MEASURES TO REPAIR ANY DAMAGE TO NATIONAL INTEREST.

2. GOB ACTION ACTION REPORTEDLY WAS STIMULATED BY REPORT FROM CARACAS IDENTIFYING BOLIVIA AS COUNTRY WHERE GULF BRIBES HAD BEEN PAID. REPORT FROM CARACAS APPEARS TO HAVE BEEN BASED ON REUTER LATIN DISPATCH DATED CARACAS MAY 7 WHICH STATED, INTER ALIA, THAT HIGH DIPLOMATIC SOURCES LINKED TO ACTIVITIES IN BOLIVIA IN RECENT YEARS ASSURED LATIN THAT THEY HAD INFORMATION THAT GOB OFFICIALS HAD RECEIVED EXTORTION PAYMENTS FROM GULF IN YEARS 1966 AND 1972. REUTERS-LATIN DISPATCH ATTACHED TO ABOVE DISPATCH IN LOCAL PRESS AND DATED PITTSBURG, MAY 7 STATES THAT GULF DENIED THAT IT HAD BRIBED OFFICIALS IN VENEZUELA AND ECUADOR.

3. REUTERS-LATIN DISPATCH MAY HAVE BEEN BASED IN PART ON STORY CARRIED BY MAY 7 EDITION EL MUNDO OF CARACAS AND SUMMARIZED IN AFP DISPATCH DATED CARACAS MAY 7 AND PRINTED IN LA PAZ DAILIES. EL MUNDO REPORTEDLY NAMED GEN. ALFREDO OVANDO (CANDIA), EX-BOLIVIAN PRESIDENT, AS MAN WHO HAD RECEIVED GULF BRIBES OF US \$4 MILLION. IN GARBLED STORY DISPATCH GOES ON TO NAME GEN. RENE BARRIENTOS "WHO FURTHERED NATIONALIZATION OF THE BOLIVIAN OIL INDUSTRY" (SIC) AS ANOTHER WHO HAD RECEIVED PAYMENTS.

4. SECRETARY OF PRESIDENCY FOR INFORMATION, DR. JAVIER ARCE (VILLALBA), TOLD PRESS HE WOULD GIVE DETAILED REPORT TO PRESS AT 10:00 A.M. TODAY ON GULF ACTIVITIES IN BOLIVIA AND, IN ANSWER TO REPORTERS' QUESTIONS, SAID HE DID NOT THINK GULF'S CHARGES REFERRED TO BOLIVIA.
STEDMAN

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